



K3 Business Technology Group plc

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1 December 2011

To K3 Business Technology Group plc shareholders and, for information only, participants in K3 Business Technology Group plc incentive schemes and persons with information rights

Dear Shareholder

Please find attached the text of an announcement that was made by K3 Business Technology Group plc (“**K3**” or the “**Company**”) on 1 December 2011 in relation to an approach regarding a possible offer, and the appointment of Deloitte Corporate Finance as financial adviser to assist with a strategic review which may or may not lead to an offer for the Company. We are circulating this announcement to you in accordance with Rule 2.12 of the Takeover Code (the “**Code**”). The announcement is also available on the Company’s website at www.k3btg.com and may be viewed (subject to any applicable restrictions in your jurisdiction) free of charge.

“AIM: KBT

1 December 2011

K3 Business Technology Group plc

(“K3” or the “Company”)

Statement regarding possible offer and strategic review

The board of K3 (the “Board”) announces that it has received an approach from its largest shareholder, Mr P J Claesson, regarding a possible offer to acquire the entire issued and to be issued ordinary share capital of the Company not already owned by Mr Claesson. Mr Claesson is also a non-executive director of K3, holding approximately 19.5% of the issued share capital of the Company. Mr Claesson has indicated to the Board that he feels that the value of the Company and its future opportunities, especially in its managed services business, are not fully reflected in the current share price. The Board wishes to make clear that discussions with Mr Claesson are at an early stage and there can be no certainty that any offer will be forthcoming.

Following the approach by Mr Claesson, and in light of the investment which the Board believes is required to fully exploit the growth potential of its managed services business, the Board has decided to initiate a strategic review of the options available to the Company and to explore whether a possible offer by Mr Claesson, or any other party, might be in the best interests of K3 and shareholders as a whole. Deloitte Corporate Finance has been appointed to assist with the strategic review which might or might not lead to an offer for the Company.

This review is at an early stage and the Board wishes to stress that there can be no certainty that any transaction will be concluded.

For clarity, K3 also reiterates the comment made by Chairman, Tom Milne, at the Company's Annual General Meeting on 23 November 2011, which was as follows, "The Board would like to confirm that it remains confident of the Company meeting management's expectations for the full year."

This announcement is not an announcement of a firm intention to make an offer under Rule 2.7 of the City Code on Takeovers and Mergers (the "Code") and there can be no certainty that an offer will be made, nor as to the terms on which any offer will be made.

As a consequence of this announcement, an "Offer Period" has commenced in respect of the Company in accordance with the rules of the Code.

In accordance with Rule 2.6(a) of the Code, Mr Claesson must, by not later than 5.00 p.m. on 29 December 2011, either announce a firm intention to make an offer for the Company in accordance with Rule 2.7 of the Code or announce that he does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline will only be extended with the consent of the Panel in accordance with Rule 2.6(c) of the Code. The Company confirms that it currently intends to approach the Panel for such an extension to this deadline in due course.

Further announcements will be made as appropriate.

In accordance with Rule 2.10 of the Code, the Company confirms that, as at the close of business on 30 November 2011, it had 28,375,864 ordinary shares of 25p in issue. This number excludes 98,613 ordinary shares held in treasury. The International Securities Identification Number for the ordinary shares is GB00B00P6061.

For further information, please contact:

K3 Business Technology Group plc

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Deloitte Corporate Finance

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finnCap

Nominated Adviser and Broker to K3
Charles Cunningham/Henrik Persson (corporate finance)
Tom Jenkins (corporate broking)

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Biddicks

Financial PR to K3
Katie Tzouliadis/Sophie McNulty

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A copy of this announcement will be made available on the Company's website at www.k3btg.com as soon as possible.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

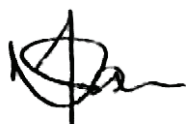
Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129."

Yours sincerely,



Andy Makeham

Chief Executive

K3 Business Technology Group plc

If you are in any doubt as to the meaning of the announcement or its effect, you are recommended to seek your own personal financial advice from your stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

You should be aware that addresses, electronic addresses and certain other information provided by you for the receipt of communications from K3 may be provided to an offeror during the offer period to allow them to contact you directly in connection with an offer for the Company, as required under Section 4 of Appendix 4 of the Code.

*The directors of K3 ("**Directors**") accept responsibility for the information contained in this letter. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this letter is in accordance with the facts and does not omit anything likely to affect the import of such information.*